Labour Market Notes

Welcomed employment increase in early fall

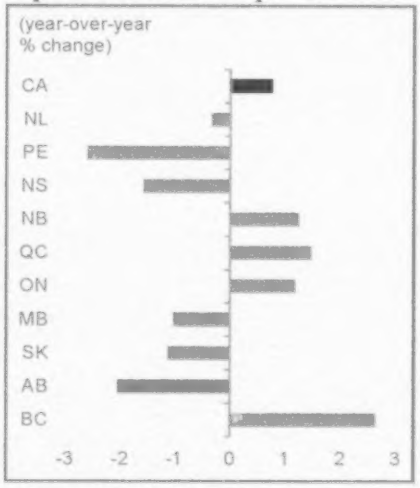
Alberta

- Welcomed jump in employment. Employment increased by 13,300 in September 2016, the second month of employment gains in a row.
- Gains in the private sector and self-employment. The private sector (+1,400) and self-employment (+16,700) both contributed to higher employment. Conversely, public sector employment shrank by 4,800 jobs. Rising employment for both full-time (+4,000) and part-time positions (+9,300) added to jobs growth.
- Employment this year still fairly weak. Year-to-date (YTD), employment in Alberta has decreased by 1.7%. The Agricultural (-21%), Forestry, Fishing Mining, Oil and Gas (-13%) and Manufacturing (-17%) have been particularly hard-hit. In the service sector, Accommodations and Food Services (-7.6%) has been a weak point, while most other services have been more resilient including Educational Services (+9.5%), Info, Culture and Recreation (+4.8%) and Financial Services (+4.2%). Year-to-date, employment in the service sector has risen 1.5%, while goods sector employment has fallen 10.0%.
- Unemployment rate ticks up. Alberta's unemployment rate ticked up 0.1 percentage points to 8.5 per cent in September, exactly one-and-a-half percentage points above the national average.
- Employment still weaker than the last year. Employment was down 2.0% year-over-year (y/y) in September, equivalent to 47,100 fewer jobs than a year ago. Alberta's level of employment has fallen by 21,900 jobs this year.
- Earnings get a slight boost. Average Weekly Earnings (AWE) inched up 0.1% from the previous month to $1,119.24 in July. However, compared with last year earnings remained down 1.6%. Service sector earnings waned for a seventh straight month, declining -1.6% y/y. In contrast, goods sector earnings improved slightly, up 0.6% y/y. Lower employment in the high-paying mining, quarrying, oil and gas extraction industry continues to depress earnings.

Canada

- Quebec provides a big boost. Canadian employment was up 67,200 in September. Quebec led the provinces in job growth (38,300), followed by Ontario (+16,200) and Alberta (+13,300). Conversely, British Columbia, Manitoba and Nova Scotia experienced job losses. Year-over-year, Canadian employment has risen by 138,300 jobs, or 0.8%.
- No change in national unemployment rate. The Canadian unemployment was unchanged at 7.0% in September.
- Canadian earnings slip. Canadian average weekly earnings (AWE) totalled $955 in July, down 0.2% month-over-month. Six of Canada's provinces experienced monthly declines in AWE, while the other four provinces realized modest gains. Canadian earnings were up a mere 0.1% year-over-year.

Employment Growth by Province, September 2016 vs. September 2015



Source: Statistics Canada

Alberta Labour Market Indicators

Indicator	Latest*
Employment	2,264,200
month-over-month change	13,300
year-over-year % change	-2.0%
Alberta Unemployment Rate (UR)	8.5%
Edmonton UR**	7.7%
Calgary UR**	9.5%
Participation Rate	72.7%
Average Weekly Earnings (AWE)	$1,119.24
year-over-year % change	-1.6%
Average Hourly Wage	$29.54
year-over-year % change	+0.9%
Job Vacancy Rate***	1.3%

Source: Statistics Canada

* All data is from the September 2016 Labour Force Survey, except AWE which is the July 2016 Survey of Employment, Payrolls and Hours, and the Job Vacancy Rate is for June 2016.

** This indicator is calculated as a three-month moving average and is seasonally adjusted.

*** This indicator is calculated as a three-month moving average and is not seasonally adjusted.

Alberta Government

October 2016
Treasury Board and Finance
Economics and Revenue Forecasting

EI claims spike after new rules take effect

In response to the deterioration of labour markets in commodity producing regions like Alberta , the federal government recently enacted several changes to Canada's Employment Insurance program. This Labour Insight summarizes the changes to Canada's EI programs and what those changes mean for workers in Alberta.

EI program under increased stress

The fall in commodity prices since mid-2014 has contributed to a significant labour market downturn in commodity producing provinces. Businesses and workers in the natural resources sector, especially in energy, metals and minerals extraction, have been particularly hard-hit. Businesses have cut investment and employment, leading to increased pressures on Canada's employment insurance program.

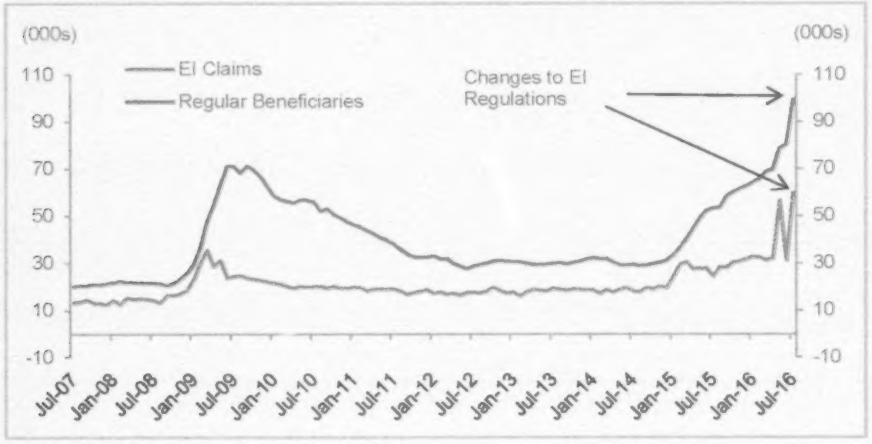
Alberta's labour market has come under increased stress since oil prices started falling in mid-2014. The number of unemployed workers in Alberta spiked from an average of 112,000 in 2014 to 192,000 by June 2016. This led to rapidly rising unemployment and soaring Employment Insurance (EI) usage. The EI system was proving inadequate in the face of rapidly rising and sustained unemployment. Due to Alberta's low historical average unemployment rate, the minimum number of worked hours needed to qualify for EI benefits in Alberta was relatively high compared with other provinces, making it more onerous for Albertans to receive EI benefits. Even before the new changes came into effect, Alberta EI claims had risen to 31,360 by June, with the number of claims topping thirty thousand since October 2015.

Ottawa enacts new EI rules

The federal government announced several changes to Canada's Employment Insurance program to extend coverage for struggling workers in the fifteen hardest-hit regions across the country. A list of the key changes is provided in the text box. Most of the changes became effective in July after the announcement, while some others will come into effect at the start of 2017. All of Alberta is covered, based on the four geographic regions of Alberta North, Alberta South, Calgary and Edmonton.

After the new rules were announced, a one-time automatic EI renewal and benefits extensions for 45,245 workers whose existing claims were near expiration led to a spike in the number of Albertans receiving EI benefits (Chart 1). The changes raised the number of EI claims received in July to 59,810 (+91% month-over-month) while regular EI beneficiaries spiked to 99,320 recipients (+24% m/m). With more workers entitled to extra and longer lasting benefits, the fraction of Alberta's labour force receiving EI benefits increased to 4.0%.

Chart 1: New EI rules lead to jump in claims and beneficiaries
Alberta Employment Insurance claims and beneficiaries



Source: Statistics Canada

Changes to the EI system:

1. Increased EI access for new entrants and re-entrants into the labour force by cutting the minimum number of hours worked to become eligible for benefits.
2. The two week period between initial filing and benefits payout has been cut to one week.
3. Job search responsibilities and rules related to accepting suitable work were relaxed.
4. Benefits were extended by 5 to 20 weeks, depending on tenure in the terminated position.The 20 week extension means that a "long-tenured" recipients can get up to 70 weeks of benefits.
5. Increased options for EI benefits clawbacks when a beneficiary accepts part-time employment.

Have a question or idea for Labour InSight? Send us an *email*.

Contact

Nachum Gabler 780.638.3238